

Company Number 00025526

**THE HENDERSON SMALLER COMPANIES
INVESTMENT TRUST PLC**

HALF YEAR REPORT
(unaudited)
for the six months ended 30 November 2017

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 30 November 2017

INVESTMENT OBJECTIVE

The Company aims to maximise shareholders' total returns (capital and income) by investing in smaller companies that are quoted in the United Kingdom.

PERFORMANCE HIGHLIGHTS

- Net asset value ('NAV') total return¹ of +5.8% compared to a total return from the benchmark² of +2.2%
- Share price³ total return of +5.8%
- Interim dividend⁴ increase of +20% to 6.0p (2016:5.0p)

TOTAL RETURN PERFORMANCE (including dividends reinvested)

	6 Months %	1 Year %	3 Years %	5 Years %	10 Years %
NAV ¹	5.8	34.7	64.8	144.2	245.8
Benchmark ²	2.2	21.3	44.2	97.6	169.8
Share price ³	5.8	37.8	63.4	159.6	304.4
Average Sector NAV ⁵	3.7	27.3	57.6	126.6	222.4
Average Sector Share price ⁶	5.3	33.9	58.1	130.3	233.0
FTSE All-Share Index	-0.2	13.4	25.2	57.1	76.5

Sources: Morningstar Direct, Janus Henderson

1 Net asset value per ordinary share total return with income reinvested for 6 months, 1, 3 and 5 years and Capital NAV plus income for 10 years

2 Numis Smaller Companies Index (excluding investment companies) total return

3 Share price total return using mid-market closing price

4 Interim dividend of 6.0p (2016: 5.0p) to be paid to shareholders on 9 March 2018

5 Average NAV total return of the AIC UK Smaller Companies sector

6 Average share price total return of the AIC UK Smaller Companies sector

FINANCIAL HIGHLIGHTS

	(Unaudited) 30 November 2017	(Unaudited) 30 November 2016	(Audited) 31 May 2017
Net assets	£718.4 million	£544.1 million	£688.5 million
NAV per ordinary share	961.7p	728.3p	921.6p
Share price per ordinary share	831.5p	617.5p	799.0p
Total return per ordinary share	53.1p	8.3p	206.6p
Revenue return per ordinary share	9.1p	8.9p	19.6p
Dividend per ordinary share	6.0p	5.0p	18.0p
Gearing	8.7%	7.8%	9.2%

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INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

Half-Year ended 30 November 2017

You could be forgiven if you are feeling a little blue. After all, during this period you will have been exposed to a barrage of noise: economists bemoaning the United Kingdom's low productivity and politicians speaking of little else bar Brexit. Mute these distractions, though, and things seem a little better. For a start, we have many very successful smaller companies here in the United Kingdom and your Fund Manager, Neil Hermon, and his team have continued to successfully seek them out. Your Board believes that smaller companies remain a good investment for the long-term investor: they have materially outperformed markets as a whole over the past ten years. What is more, I am pleased to report that Neil has outperformed the benchmark in thirteen of the last fourteen financial years.

He outperformed in this period too. Our Company's net asset value rose on a total return basis by 5.8% for the period under review, 3.6% ahead of the Numis Smaller Companies Index (excluding investment companies), which rose by 2.2%. Our Company's share price rose by 5.8% on a total return basis for the period, when its peer group were on average up by 5.3%. The Company's discount has widened slightly from 13.3% at 31 May 2017 to 13.5% at 30 November 2017. I am glad to say that over the past five years, the Company's share price has risen by 160% on a total return basis, giving an annualised return to shareholders of 21.1%.

The Board has decided to increase the interim dividend by 20% to 6.0p per share. This reflects the continuing strong growth in the dividend payments from our portfolio companies. Absent of any unforeseen circumstances, it is expected the Board will also increase the final dividend. The final dividend for the year ended 31 May 2017 was 13.0p.

Along with all Investment Companies, we are required by new regulations introduced at the start of the year to provide investors with specific past performance scenarios, the calculation of which is prescribed by the regulation and is derived from the recent past performance of the trust. However, we do not believe that this is an appropriate or helpful way to estimate future returns and for this reason the results shown in the new documents should not be used for this purpose.

Finally, the merger of the Henderson Group with Janus Capital Group Inc. has successfully transacted with no discernible impact on our Company.

Jamie Cayzer-Colvin
Chairman
17 January 2018

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 30 November 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the Company's business fall broadly under the following categories:

- Investment activity and strategy;
- Accounting, legal and regulatory;
- Operational risk; and
- Financial instruments and the management of risk.

Detailed information on these risks is given in the Strategic Report and in the Notes to the financial statements in the Company's Annual Report for the year ended 31 May 2017.

In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that, to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with "IAS34 Interim Financial Reporting";
- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and
- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board

Jamie Cayzer-Colvin

Chairman

17 January 2018

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 30 November 2017

FUND MANAGER'S REVIEW

Half-Year ended 30 November 2017

Market Review – Six months to 30 November 2017

During the period under review a snap UK general election saw the Conservative Party lose its overall majority, the Bank of England raised interest rates for the first time in 10 years, the Federal Reserve started to shrink its balance sheet. Geopolitical tensions between North Korea and USA escalated sharply. Notwithstanding these events, UK equity markets held steady, aided by good earnings growth from corporates, helped by the devaluation of sterling and its positive effect on overseas profits.

Smaller companies outperformed larger companies over the period. This was driven principally by faster earnings growth and the mild recent appreciation of sterling versus the US\$ having a negative impact on the large international earners in the FTSE 100.

Fund Performance

The Company outperformed the benchmark in the period. The net asset value rose 5.8%, on a total return basis. This compares with a rise of 2.2% (total return) in the Numis Smaller Companies Index (excluding investment companies). The outperformance came from a combination of underlying positive portfolio performance and a positive contribution from gearing in the Company.

Attribution Analysis

The tables below show the top five contributors to, and the bottom five detractors from, the Company's relative performance. Some of the following stocks are included in the benchmark index but not held by the Company. These have an effect on relative performance.

Top five contributors	6 month return %	Relative contribution %
Renishaw	+44.8	+0.9
NMC Health	+25.1	+0.8
Bellway	+25.4	+0.7
Carillion ¹	-91.8	+0.5
Intermediate Capital	+23.5	+0.5

Top five detractors	6 month return %	Relative contribution %
AA	-33.8	-0.5
Melrose	-15.9	-0.5
Wizz Air ¹	+46.7	-0.4
Interserve	-65.2	-0.3
Cineworld	-22.9	-0.3

¹ in benchmark index but not held by the Company

Principal Contributors

Renishaw is a high technology precision measuring, calibration and additive manufacturing group; NMC Health is a diversified healthcare provider operating mainly in the Middle East; Bellway is a national UK housebuilder; Carillion is a UK construction and support services group; and Intermediate Capital is a provider and asset manager of specialised debt and alternative credit.

Principal Detractors

AA is a provider of roadside assistance and insurance services; Melrose is a turnaround specialist whose principal activities are currently in US ventilation and security; Wizz Air is an Eastern European based budget airline; Interserve is an international construction and support services group; and Cineworld is a UK and European cinema chain.

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 30 November 2017

Portfolio Activity

Our approach is to consider our investments as long-term in nature and to avoid unnecessary turnover. The focus has been on adding stocks to the portfolio that have good growth prospects, sound financial characteristics and strong management, at a valuation level that does not reflect these strengths. Likewise we have been employing strong sell disciplines to dispose of stocks that fail to meet these criteria.

In the period we have added to a number of positions in our portfolio and increased exposure to those stocks we feel have further catalysts to drive strong performance.

New additions to the portfolio include Alpha Financial Markets, a consultant to the asset management industry; Arrow Capital, a debt management and purchase company; FootAsylum, a specialist sportswear retailer; IQE, a compound semiconductor company; Just Group, an enhanced annuity company; TI Fluid Systems, an automotive supplier; and Ultra Electronics, a defence company.

To balance the additions to our portfolio we have disposed of positions in companies which we felt were set for poor price performance or where the valuation had become extended, including the holdings of Abcam, Dunelm, Interserve, RPC, Spire Healthcare and Vectura. Additionally we sold our holdings in Imagination Technologies, Aldermore and Paysafe, all positions where the company has received an agreed takeover bid.

Market Outlook

Politically the environment in the UK remains uncertain. We have a hung parliament and a minority government, supported by a 'confidence and supply' arrangement with the DUP.

At the same time, the UK government is involved in Brexit negotiations with the EU. There is clearly a range of outcomes from these negotiations but what 'deal' the UK will end up with – if any - is, at this point, unclear. This uncertainty will probably cause some caution in the mind-set of UK consumers. At the same time they are facing the pressure of the rising cost of imported goods. This is squeezing consumers' net disposable income as wage inflation fails to match the cost of price inflation.

Outside the UK, economic conditions are strong, and if anything getting better, particularly in the US and Europe. With around half of the portfolios earnings from outside the UK we are well placed to benefit from this trend. The recent rises in US and UK interest rates have flagged to investors that loose global monetary conditions will at some stage reverse. However, the 'normalisation' of monetary policy should be a slow and measured process.

In the corporate sector, conditions are intrinsically stronger than they were during the financial crisis of 2008/2009. Balance sheets are more robust and dividends are growing.

In terms of valuations, the equity market is roughly in line with long-term averages. Merger and acquisition (M&A) activity remains a supportive feature for smaller companies. If corporate confidence improves, M&A is likely to increase. Indeed we have recently seen a number of bids for companies in our portfolio including Paysafe, Quantum Pharmaceutical, Aldermore, Servelec and SQS.

In this environment, and with a positive perspective on likely future medium-term returns from our portfolio we retain a moderate level of gearing, which stood at 8.7% at 30 November 2017.

In conclusion, the period under review has been a neutral one for the UK equity market. The Company's performance has been strong, with an absolute gain and outperformance compared to our benchmark. This has been principally due to good stock selection and, in general, our investments are trading well, are soundly financed and attractively valued. Additionally the smaller companies universe continues to throw up exciting growth opportunities in which the Company can invest.

Neil Hermon
Fund Manager
17 January 2018

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC
Unaudited Results for the Half-Year Ended 30 November 2017

INVESTMENT PORTFOLIO
at 30 November 2017

Company	Valuation £'000	Portfolio %	Company	Valuation £'000	Portfolio %
Bellway	27,696	3.55	Alfa Financial Software	8,001	1.03
Renishaw	21,579	2.76	Hunting	7,844	1.01
NMC Health	21,367	2.74	Oxford Instruments	7,594	0.97
Intermediate Capital	20,103	2.57	Just Group	7,531	0.96
Clinigen ¹	19,485	2.49	NCC	7,531	0.96
Paragon	17,308	2.22	Accesso ¹	7,470	0.96
Melrose Industries	16,592	2.12	Euromoney Institutional Investor	7,456	0.95
Victrex	14,424	1.85	Ascential	7,436	0.95
Dechra Pharmaceuticals	12,354	1.58	Consort Medical	7,435	0.95
RWS ¹	11,336	1.45	Victoria ¹	7,159	0.92
10 largest	182,244	23.33	40 largest	452,983	57.99
Scapa ¹	11,316	1.45	Fenner	7,132	0.91
Aveva	11,182	1.43	Grainger	7,100	0.91
Playtech	10,933	1.40	Coats	7,093	0.91
Sanne	10,768	1.38	GB Group ¹	6,992	0.90
Balfour Beatty	10,592	1.36	CLS	6,951	0.89
Burford Capital ¹	10,472	1.34	Convivialty ¹	6,826	0.87
Jupiter Fund Management	10,324	1.32	Tarsus Group	6,825	0.87
St Modwen Properties	10,258	1.31	Midwich ¹	6,750	0.86
Spectris	10,016	1.28	AA	6,699	0.86
John Laing	9,940	1.27	Gamma Communications ¹	6,633	0.85
20 largest	288,045	36.87	50 largest	521,984	66.82
Ibstock	9,873	1.26	Equiniti	6,332	0.81
Synthomer	9,425	1.21	Ted Baker	6,310	0.81
Vesuvius	9,248	1.19	Cairn Energy	6,134	0.79
Northgate	9,229	1.18	Capital & Regional	6,120	0.78
OneSavings Bank	9,193	1.18	SuperGroup	5,916	0.76
SIG	9,128	1.17	Eurocell	5,805	0.74
Cineworld	8,387	1.08	TI Fluid Systems	5,753	0.74
Countryside	8,383	1.07	Alpha Financial Markets ¹	5,641	0.72
Brewin Dolphin	8,308	1.06	Tyman	5,564	0.71
Ultra Electronic	8,307	1.06	Bodycote	5,549	0.71
30 largest	377,526	48.33	60 largest	581,108	74.39
			Remaining 53	200,031	25.61
			Total	781,139	100.00

¹ Listed on the Alternative Investment Market (AIM)

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Unaudited Results for the Half-Year Ended 30 November 2017

STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Half-year ended 30 November 2017			(Unaudited) Half-year ended 30 November 2016			(Audited) Year ended 31 May 2017		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	7,657	-	7,657	7,186	-	7,186	15,988	-	15,988
Other income	15	-	15	148	-	148	172	-	172
Gains on investments held at fair value through profit or loss	-	38,158	38,158	-	649	649	-	145,291	145,291
Total income	7,672	38,158	45,830	7,334	649	7,983	16,160	145,291	161,451
Expenses									
Management and performance fees	(347)	(4,773)	(5,120)	(270)	(631)	(901)	(579)	(4,674)	(5,253)
Other expenses	(309)	-	(309)	(268)	(5)	(273)	(566)	-	(566)
Profit before finance costs and taxation	7,016	33,385	40,401	6,796	13	6,809	15,015	140,617	155,632
Finance costs	(212)	(495)	(707)	(182)	(424)	(606)	(387)	(903)	(1,290)
Profit/(loss) before taxation	6,804	32,890	39,694	6,614	(411)	6,203	14,628	139,714	154,342
Taxation	-	-	-	-	-	-	(10)	-	(10)
Profit/(loss) for the period and total comprehensive income	6,804	32,890	39,694	6,614	(411)	6,203	14,618	139,714	154,332
Earnings per ordinary share (note 3)	9.11p	44.03p	53.14p	8.85p	(0.55)p	8.30p	19.57p	187.03p	206.60p

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The accompanying notes are an integral part of these financial statements.

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC
Unaudited Results for the Half-Year Ended 30 November 2017

STATEMENT OF CHANGES IN EQUITY

(Unaudited) Half-year ended 30 November 2017					
	Share capital £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2017	18,676	26,745	623,009	20,030	688,460
Total comprehensive income:					
Profit for the period	-	-	32,890	6,804	39,694
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(9,711)	(9,711)
	-----	-----	-----	-----	-----
Total equity at 30 November 2017	18,676	26,745	655,899	17,123	718,443
	=====	=====	=====	=====	=====

(Unaudited) Half-year ended 30 November 2016					
	Share capital £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2016	18,676	26,745	483,295	17,364	546,080
Total comprehensive income:					
(Loss)/profit for the period	-	-	(411)	6,614	6,203
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(8,217)	(8,217)
	-----	-----	-----	-----	-----
Total equity at 30 November 2016	18,676	26,745	482,884	15,761	544,066
	=====	=====	=====	=====	=====

(Audited) Year ended 31 May 2017					
	Share capital £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 June 2016	18,676	26,745	483,295	17,364	546,080
Total comprehensive income:					
Profit for the period	-	-	139,714	14,618	154,332
Transactions with owners, recorded directly to equity:					
Ordinary dividend paid	-	-	-	(11,952)	(11,952)
	-----	-----	-----	-----	-----
Total equity at 31 May 2017	18,676	26,745	623,009	20,030	688,460
	=====	=====	=====	=====	=====

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC
Unaudited Results for the Half-Year Ended 30 November 2017

BALANCE SHEET

	(Unaudited) Half-year ended 30 November 2017 £'000	(Unaudited) Half-year ended 30 November 2016 £'000	(Audited) Year ended 31 May 2017 £'000
Non current assets			
Investments held at fair value through profit or loss	781,139	586,553	751,736
Current assets			
Securities sold for future settlement	505	3	1,061
Taxation recoverable	19	11	19
Prepayments and accrued income	2,163	1,149	2,700
Cash and cash equivalents	201	2,209	3,829
	2,888	3,372	7,609
Total assets	784,027	589,925	759,345
Current liabilities			
Securities purchased for future settlement	(691)	(578)	(5,830)
Accruals and deferred income	(549)	(477)	(160)
Performance fee	(3,965)	-	(3,324)
Bank loans	(30,571)	(15,012)	(31,769)
	(35,776)	(16,067)	(41,083)
Total assets less current liabilities	748,251	573,858	718,262
Non current liabilities	(29,808)	(29,792)	(29,802)
Net assets	718,443	544,066	688,460
Equity attributable to equity shareholders			
Called up share capital (note 5)	18,676	18,676	18,676
Capital redemption reserve	26,745	26,745	26,745
Retained earnings:			
Capital reserves	655,899	482,884	623,009
Revenue reserve	17,123	15,761	20,030
Total equity	718,443	544,066	688,460
Net asset value per ordinary share (note 6)	961.7p	728.3p	921.6p

The accompanying notes are an integral part of these financial statements.

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC
Unaudited Results for the Half-Year Ended 30 November 2017

STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 30 November 2017 £'000	(Unaudited) Half-year ended 30 November 2016 £'000	(Audited) Year ended 31 May 2017 £'000
Profit before taxation	39,694	6,203	154,342
Interest payable	707	606	1,290
Gains on investments held at fair value through profit or loss	(38,158)	(649)	(145,291)
Purchases of investments	(99,941)	(64,299)	(156,105)
Sales of investments	107,799	74,322	145,587
(Increase)/decrease in receivables	(6)	145	(55)
(Decrease)/increase in amounts due from brokers	556	667	(391)
Decrease/(increase) in accrued income	1,262	648	(703)
Increase in payables	1,200	134	3,132
Decrease/(increase) in amounts due to brokers	(5,139)	142	5,393
Taxation on investment income	-	11	(6)
	-----	-----	-----
Net cash inflow from operating activities before interest and taxation	7,974	17,930	7,193
	-----	-----	-----
Interest paid	(693)	(634)	(1,298)
	-----	-----	-----
Net cash inflow from operating activities	7,281	17,296	5,895
	=====	=====	=====
Financing activities			
Equity dividends paid	(9,711)	(8,217)	(11,952)
Repayment of bank loans	(1,198)	(17,094)	(338)
	-----	-----	-----
Net cash outflow from financing activities	(10,909)	(25,311)	(12,290)
	-----	-----	-----
Decrease in cash and cash equivalents	(3,628)	(8,015)	(6,395)
Cash and cash equivalents at the start of the period	3,829	10,224	10,224
	-----	-----	-----
Cash and cash equivalents at the period end	201	2,209	3,829
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 30 November 2017

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. **Accounting policies - basis of preparation**

The Henderson Smaller Companies Investment Trust plc ('the Company') is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006.

These condensed financial statements comprise the unaudited results of the Company for the half-year ended 30 November 2017. They have been prepared on a going concern basis and in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union and with the Statement of Recommended Practice for Investment Trusts ("SORP") dated November 2014 and updated in January 2017 with consequential amendments, where the SORP is consistent with the requirements of IFRS.

For the period under review the Company's accounting policies have not varied from those described in the Annual Report for the year ended 31 May 2017.

These financial statements have not been either audited or reviewed by the Company's Auditor.

2. **Expenses**

Expenses, finance costs and taxation include provision for a performance fee when the relevant criteria have been met. For the six months to 30 November 2017 the performance fee provision is £3,965,000 (30 November 2016: £nil; 31 May 2017: £3,324,000). Any provision for a performance fee is charged 100% to capital. The actual performance fee, if any, payable to Janus Henderson for the year to 31 May 2018 will depend on outperformance over the full financial year, subject to a cap on the total fees paid to Janus Henderson of 0.9% of the average value of the net assets of the Company during the year. No performance fee is payable if on the last day of the accounting year the Company's share price or NAV is lower than the share price and NAV at the preceding year end. Details of the performance fee arrangements are set out in the Annual Report for the year ended 31 May 2017.

3. **Earnings per ordinary share**

The earnings per ordinary share figure is based on the net profit for the half-year of £39,694,000 (30 November 2016: net profit of £6,203,000; 31 May 2017: net profit of £154,332,000) and on 74,701,796 (30 November 2016: 74,701,796; 31 May 2017: 74,701,796) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	(Unaudited) 30 November 2017 £'000	(Unaudited) 30 November 2016 £'000	(Audited) 31 May 2017 £'000
Net revenue profit	6,804	6,614	14,618
Net capital gain/(loss)	32,890	(411)	139,714
	-----	-----	-----
Net total profit	39,694	6,203	154,332
	=====	=====	=====
Weighted average number of ordinary shares in issue during the period	74,701,796	74,701,796	74,701,796
	-----	-----	-----
	Pence	Pence	Pence
Revenue profit per ordinary share	9.11	8.85	19.57
Capital profit/(loss) per ordinary share	44.03	(0.55)	187.03
	-----	-----	-----
Total earnings per ordinary share	53.14	8.30	206.60
	=====	=====	=====

4. **Dividends**

The Board has declared an interim dividend of 6.0p (2016: 5.0p) to be paid on 9 March 2018 to shareholders on the register at the close of business on 16 February 2018. The ex dividend date will be 15 February 2018. No provision has been made for the interim dividend in these condensed financial statements.

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 30 November 2017

The final dividend of 13.0p per ordinary share, paid on 9 October 2017, in respect of the year ended 31 May 2017, has been recognised as a distribution in the period.

5. Share Capital

At 30 November 2017 there were 74,701,796 ordinary shares in issue (30 November 2016: 74,701,796; 31 May 2017: 74,701,796). No shares have been bought back or issued in the period ended 30 November 2017 (30 November 2016: nil; 31 May 2017: nil) or since the period end.

6. Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on the net assets attributable to the equity shareholders of £718,443,000 (30 November 2016: £544,066,000; 31 May 2017: £688,460,000) and on 74,701,796 (30 November 2016: 74,701,796; 31 May 2017: 74,701,796) ordinary shares, being the number of ordinary shares in issue at the period end.

7. Transaction Costs

Purchase transaction costs for the half-year ended 30 November 2017 were £313,000 (30 November 2016: £236,000; 31 May 2017: £616,000). These comprise mainly stamp duty and commission. Sale transaction costs for the half-year ended 30 November 2017 were £63,000 (30 November 2016: £78,000; 31 May 2017: £135,000).

8. Financial Instruments

The investments are held at fair value through profit or loss. All the net current liabilities are held in the Balance Sheet at a reasonable approximation of fair value. At 30 November 2017 the fair value of the Preference Stock was £4,000 (30 November 2016: £4,000; 31 May 2017: £4,000). The fair value of the Preference Stock is estimated using the prices quoted on the exchange on which the investment trades. The Preference Stock is carried in the Balance Sheet at par.

The unsecured loan notes are carried in the Balance Sheet at par less the issue expenses which are amortised over the life of the notes. The fair value of the Unsecured Loan Notes is estimated to be its par value.

The Preference Stock are categorised as level 1 in the fair value hierarchy (see below for definitions). The unsecured loan notes are categorised as level 3 in the fair value hierarchy.

Fair Value Hierarchy

The table below sets out the fair value measurements using the IFRS 13 fair value hierarchy.

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As at 30 November 2017	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	a)	781,139	-	-	781,139
		-----	-----	-----	-----
		781,139	-	-	781,139
		=====	=====	=====	=====

As at 30 November 2016	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	a)	586,553	-	-	586,553
		-----	-----	-----	-----
		586,553	-	-	586,553
		=====	=====	=====	=====

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As at 31 May 2017	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	a)	751,736	-	-	751,736
		-----	-----	-----	-----
		751,736	-	-	751,736
		=====	=====	=====	=====

a) Equity investments:

The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

The valuation techniques used by the Company are explained in the accounting policies note 1(c) of the Annual Report for the year ended 31 May 2017.

9. **Going Concern**

Having reassessed the principal risks and uncertainties, the Directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The assets of the Company consist almost entirely of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in existence for the foreseeable future.

10. **Related Party Transactions**

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position of the Company during the period. Details of related party transactions are contained in the Annual Report for the year ended 31 May 2017.

11. **Comparative Information**

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-year periods ended 30 November 2017 and 30 November 2016 has not been audited.

The information for the year ended 31 May 2017 has been extracted from the statutory accounts for that year, which have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified and contained no statement under either section 498(2) or section 498(3) of the Companies Act 2006.

12. **General Information**

The Henderson Smaller Companies Investment Trust plc is registered in England and Wales, Company Number 00025526.

Registered office at 201 Bishopsgate, London EC2M 3AE

London Stock Exchange (TIDM) Code: HSL

SEDOL Number: 090650

Global Intermediary Identification Number (GIIN): WZD8S7.99999.SL.826

Legal Entity Identifier (LEI): 213800NE2NCQ67M2M998

Directors and Corporate Secretary

The Directors of the Company are Jamie Cayzer-Colvin (Chairman of the Board), Beatrice Hollond (Chairman of the Audit Committee), David Lamb, Victoria Sant and Mary Ann Sieghart (Senior Independent Director).

The Corporate Secretary is Henderson Secretarial Services Limited, represented by Rachel Peat FCIS.

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Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at www.hendersonsmallercompanies.com

For further information please contact:

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